

REPORT FOLLOW-UP

AGENCY: STATE BRAND BOARD

On October 23, 2003, the Legislative Services Office released a Management Report on Internal Control for the State Brand Board for fiscal years 2000, 2001, and 2002. The Board was contacted on February 12, 2004, and this follow-up report addresses how the Board has responded to the three findings and recommendations contained in that report.

STATUS OF RECOMMENDATIONS:

FINDING #1. Use of purchasing cards (P-cards) is not always supported with adequate documentation. From November 2000 to May 2003, the Board used P-cards to make purchases and to receive cash advances totaling \$44,000. The Board could not provide supporting documentation to show how \$11,000 of these purchases and advances were used. For example, \$2,100 of P-card advances (automatic teller machine withdrawals) had no documentation to show how they were used. Similarly, hotel charges and other P-card purchases did not have documentation to show they were valid and proper Board expenditures. Furthermore, the Board's accounting was incomplete in that the Board did not obtain the necessary P-card expenditure documentation to correctly record the P-card expenditures in the State's accounting records.

We recommended that the Board obtain supporting documentation to show that P-card transactions are for valid Board business and make complete accounting entries in the State accounting system.

Audit Follow-up: The Board obtains all supporting documentation to show that P-cards transactions are proper and makes the proper accounting entries to the correct expenditure categories.

Status: CLOSED

Finding #2: The collection of inspection fees can be improved. The Board collects about \$4.4 million each year for brand inspections. Inspections, usually paid by sellers, are completed when ownership of livestock changes. In some cases, the Board did not collect the fees or establish an accounts receivable in the seller's name. Instead, account receivables were established in employees' names and monthly statements were sent to the employees instead of to the sellers. Although employees carried these accounts with the intent of collecting the fees, many of these were outstanding for more than a year and were not collected. Also, collected inspections fees were not always deposited in a timely manner. For example, one employee held more than \$100 of cash for two months before remitting it for deposit.

We recommended that the Board establish accounts receivable in the name of the seller and deposit collections in a timely manner.

Audit Follow-up: The Board no longer establishes account receivables in employees' names and monitors accounts receivable to ensure collections are made in a timely manner. Although we did find one instance in which a small amount of collected inspection fees were not deposited in a timely manner, the Board has emphasized the need for brand inspectors to remit collections in a timely manner, and much improvement has been made. Therefore, we will close this finding.

Status: CLOSED

Finding #3: Compliance with State travel laws and regulations is not always adequate. The Board did not always comply with state travel laws and regulations. For example, Board employees did not always submit travel vouchers as required by Idaho Code, Section 67-2006, and did not retain documentation to show meals were provided in accordance with State travel regulations.

We recommended that the Board submit travel vouchers in accordance with Idaho law and provide for meals in accordance with State regulations.

Audit Follow-up: The Board requires all employees to submit travel vouchers and attaches all documentation to show meal allowances are in accordance with state travel regulations.

Status: CLOSED